

HOUSE JOURNAL

FORTY-FOURTH LEGISLATURE, THIRD CALLED SESSION

PROCEEDINGS

FIRST DAY

Hall of the House of Representatives,
Austin, Texas,
Monday, September 28, 1936.

In obedience of the proclamation of His Excellency, James V. Allred, Governor of Texas, convening the Forty-fourth Legislature to meet in Special Session at Austin, the seat of government, this the twenty-eighth day of September, A. D. 1936, the Members of the House of Representatives assembled in Representative Hall, and at 12 o'clock m., the House was called to order by Hon. Coke Stevenson, Speaker.

PROCLAMATION BY THE GOVERNOR

The Speaker laid before the House and had read the following proclamation by the Governor:

To All To Whom These Presents Shall Come:

Whereas, The people of Texas voted to change the Constitution of Texas by adopting a new section to be known as Section 51-B, authorizing the Legislature, under certain limitations, to provide for old age assistance; and

Whereas, The Legislature was called in Special Session for the purpose, among other things, of carrying out the will of the people by providing a system of old age pensions and revenues to support same; and

Whereas, House Bill No. 26 as passed by the 44th Legislature, 2nd Called Session, provided old age assistance to certain bona fide citizens of Texas over the age of 65 years and partially financed same by revenues derived from taxes on liquors, wines, beer, etc.; and

Whereas, I consider it my duty to call the Legislature of Texas into extraordinary session to provide further assistance for the needy old people of

Texas authorized to receive aid under House Bill No. 26;

Now, therefore, I, James V. Allred, Governor of the State of Texas, by virtue of the authority vested in me by the Constitution and laws of this State, hereby call the Third Special Session of the Forty-fourth Legislature, to be convened in the City of Austin, commencing at 12 o'clock noon on Monday, the 28th day of September, A. D., 1936, for the following purposes:

1. To provide further necessary revenue for old age assistance to persons entitled to same under the provisions of said House Bill No. 26 as passed by the Second Called Session of the Forty-fourth Legislature.

2. To consider and act on such other subjects of public importance as I may, from time to time during the Session, submit by message.

In testimony whereof, I hereunto sign my name officially and cause to be impressed hereon the Seal of the State of Texas at Austin, this the 11th day of September, A. D., 1936.

(Signed) JAMES V. ALLRED
Governor of Texas

By the Governor:

(Seal) B. P. MATOCHA
Secretary of the State.

Speaker Stevenson then declared the House of Representatives to be duly assembled in accordance with the Proclamation.

The Speaker directed the clerk to call the roll of the House.

The roll of the House was called, and the following Members were present:

Mr. Speaker	Alsup
Adamson	Ash
Adkins	Bergman
Aikin	Bourne
Alexander	Bradbury

Bradford	Jones of Falls
Broadfoot	Jones of Shelby
Broyles	Jones of Wise
Burton	Keefe
Butler of Brazos	King
Butler of Karnes	Knetsch
Cagle	Lange
Caldwell	Lanning
Calvert	Latham
Canon	Leath
Collins	Lemens
Colquitt	Leonard
Colson	Lotief
Cooper	Lucas
Cowley	Luker
Craddock	Mauritz
Crossley	McCalla
Daniel	McConnell
Davis	McFarland
Davisson	McKinney
of Eastland	Moffett
Davison of Fisher	Moore
Dickison	Morris
Dunagan	Morrison
Dunlap of Hays	Morse
Dunlap of Kleberg	Newton
Duvall	Nicholson
Dwyer	Olsen
England	Palmer
Fain	Patterson
Farmer	Payne
Fisher	Petsch
Ford	Pope
Fox	Quinn
Frazer	Reader
Fuchs	Reed of Bowie
Gibson	Reed of Dallas
Glass	Riddle
Good	Roach of Angelina
Graves	Roach of Hunt
Gray	Roane
Greathouse	Roark
Hankamer	Roberts
Hanna	Rogers
Hardin	Russell
Harper	Rutta
Harris of Archer	Scarborough
Harris of Dallas	Settle
Hartzog	Sessions
Head	Shofner
Herzik	Smith
Hill	Stanfield
Hodges	Steward
Hofheinz	Stinson
Holland	Stovall
Hoskins	Tennyson
Howard	Thornton
Huddleston	Tillery
Hunt	Venable
Hunter	Waggoner
Hyder	Walker
James	Wells
Jefferson	Westfall
Jones of Atascosa	Wood of Harrison

Wood of Montague	Young
Worley	Youngblood

Absent

Atchison	Celaya
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Absent-Excused

Jackson	Padgett
Lindsey	Spears
McKee	Tarwater

A quorum was announced present.

Rev. George W. Coltrin, Chaplain, offered the following invocation:

"Almighty God, we are grateful for the opportunities for service that come to us now; and as we shall enter upon the serious tasks of the session we pray that we may have vision, understanding, and courage that will qualify us for correct action. In Christ's name. Amen."

LEAVES OF ABSENCE GRANTED

The following Members were granted leaves of absence on account of important business:

Mr. Padgett for today, on motion of Mr. Ford.

The following members were unable to reach Austin on account of high water and were accordingly granted leaves of absence:

Mr. Jackson for today, on motion of Mr. Hankamer.

Mr. Spears for today, on motion of Mr. Dickison.

Mr. Tarwater for today, on motion of Mr. Nicholson.

The following Members were granted leaves of absence on account of illness:

Mr. Lindsey for today and the balance of the week, on motion of Mr. McConnell.

Mr. McKee for today, on motion of Mr. Knetsch.

OATH OF OFFICE ADMINISTERED

Speaker Stevenson stated that Hon. George H. Harper, Representative-elect of the Third Representative District, to succeed Hon. E. Harold Beck, resigned, and Hon. A. S. Broadfoot, Representative-elect of the Forty-first Representative District, to succeed Hon. W. W. Fitzwater, deceased, were present, presenting their certificates of election, and stated that the con-

stitutional oath of office would now be administered to them.

Messrs. Harper and Broadfoot then came forward and took the constitutional oath of office, which was administered by Hon. Coke R. Stevenson, Speaker.

PROVIDING FOR COMMITTEES TO NOTIFY THE GOVERNOR AND SENATE OF ORGANIZATION OF THE HOUSE

Mr. Hyder offered the following resolution:

Whereas, The House of Representatives is now called to order in the Third Called Session of the Forty-fourth Legislature; now therefore be it

Resolved, That the Speaker appoint two committees of five Members each, one to notify the Governor, and the other to notify the Senate, that the House of Representatives is now organized and ready to transact business.

The resolution was read second time, and was adopted.

In accordance with the above action, the Speaker announced the appointment of the following committee to notify the Governor: Messrs. Hyder, Alsup, Gray, Luker and Mauritz.

The Speaker announced the appointment of the following committee to notify the Senate: Messrs. Pope, Hodges, Gibson, Lange and McCalla.

HOUSE BILL ON FIRST READING

The following House bill, introduced today, was laid before the House, read first time, and referred to the appropriate committee, as follows:

By Mr. Leonard:

H. B. No. 1, A bill to be entitled "An Act making an appropriation of the sum of One Hundred Thousand (\$100,000.00) Dollars or so much thereof as may be necessary out of any funds in the State Treasury, not otherwise appropriated, to pay the contingent expenses, and to pay the mileage and per diem of members and the per diem of officers and employees of the Third Called Session of the Forty-fourth Legislature, also to cover unpaid expenses of the First and Second Called Sessions of the Forty-fourth Legislature, and declaring an emergency."

Referred to the Committee on Appropriations.

SENATE NOTIFIED

The committee appointed to notify the Senate, that the House is now organized and ready for the transaction of business, appeared at the Bar of the House and, being duly announced, stated that they had performed the duty assigned them.

GOVERNOR NOTIFIED

The committee appointed to notify the Governor, that the House is now organized and ready for the transaction of business, appeared at the Bar of the House and, being duly announced, stated that they had performed the duty assigned them.

PROVIDING FOR A JOINT SESSION OF THE HOUSE AND SENATE

Mr. McKinney offered the following resolution:

H. C. R. No. 1, Inviting Governor James V. Allred to address a joint session of the House and Senate.

Whereas, It is customary for the Governor of Texas to deliver a message to the Legislature at each Called Session; and

Whereas, The Members of the Third Called Session of the Forty-fourth Legislature are very desirous of hearing the Governor deliver his message in person; now, therefore, be it

Resolved, by the House of Representatives, the Senate concurring, That a joint session of the Senate and the House of Representatives of the Third Called Session of the Forty-fourth Legislature be held in the Hall of the House, at 2 p. m., Monday, September 28, and that His Excellency, the Honorable James V. Allred, Governor of Texas, be invited to deliver his message at such joint session; and, be it further

Resolved, That a committee of ten members be appointed, five members from the Senate and five from the House of Representatives, to escort the Governor to the Hall of the House.

The resolution was read second time, and was adopted.

In accordance with the above action, the Speaker announced the appointment of the following committee to escort Governor James V. Allred to the Hall of the House: Messrs. McKinney, Calvert, Morse, Leonard and Walker.

HOUSE BILL NO. 1 ON SECOND
READING

Mr. Leonard moved that the constitutional rule, requiring bills to be read on three several days, be suspended, and that House Bill No. 1 be placed on its second reading and passage to engrossment, and on its third reading and final passage.

The motion prevailed by the following vote:

Yeas—133

Adamson	Hanna
Adkins	Hardin
Aikin	Harper
Alexander	Harris of Archer
Alsup	Harris of Dallas
Ash	Hartzog
Bergman	Head
Bourne	Hill
Bradbury	Hodges
Bradford	Hofheinz
Broadfoot	Holland
Broyles	Hoskins
Burton	Howard
Butler of Brazos	Huddleston
Butler of Karnes	Hunt
Cagle	Hunter
Caldwell	James
Calvert	Jefferson
Canon	Jones of Atascosa
Collins	Jones of Falls
Colquitt	Jones of Shelby
Cooper	Keefe
Cowley	King
Craddock	Knetsch
Crossley	Lange
Daniel	Lanning
Davis	Latham
Davisson	Leath
of Eastland	Lemens
Davison of Fisher	Leonard
Dickison	Lucas
Dunagan	Luker
Dunlap of Hays	Mauritz
Dunlap of Kleberg	McCalla
Duvall	McConnell
Dwyer	McFarland
England	McKinney
Fain	Moffett
Farmer	Moore
Fisher	Morris
Ford	Morrison
Fox	Morse
Frazer	Nicholson
Fuchs	Olsen
Gibson	Palmer
Glass	Patterson
Good	Payne
Graves	Petsch
Greathouse	Pope
Hankamer	Quinn

Reader	Stanfield
Reed of Bowie	Steward
Reed of Dallas	Stinson
Riddle	Stovall
Roach of Angelina	Tennyson
Roach of Hunt	Thornton
Roane	Tillery
Roark	Venable
Roberts	Waggoner
Rogers	Walker
Russell	Wells
Rutta	Westfall
Scarborough	Wood of Harrison
Settle	Wood of Montague
Sessions	Worley
Shofner	Young
Smith	Youngblood

Nays—1

Lotief

Absent

Atchison	Herzik
Celaya	Hyder
Colson	Jones of Wise
Gray	Newton

Absent-Excused

Jackson	Padgett
Lindsey	Spears
McKee	Tarwater

The Speaker laid before the House, on its second reading and passage to engrossment,

H. B. No. 1, A bill to be entitled "An Act making an appropriation of the sum of One Hundred Thousand (\$100,000.00) Dollars or so much thereof as may be necessary out of any funds in the State Treasury, not otherwise appropriated, to pay the contingent expenses, and to pay the mileage and per diem of members and the per diem of officers and employees of the Third Called Session of the Forty-fourth Legislature, also to cover unpaid expenses of the First and Second Called Sessions of the Forty-fourth Legislature, and declaring an emergency."

The bill was read second time, and was passed to engrossment.

HOUSE BILL NO. 1 ON THIRD
READING

The Speaker then laid House Bill No. 1 before the House on its third reading and final passage.

The bill was read third time, and was passed by the following vote:

Yeas—135

Adamson	Aikin
Adkins	Alexander

Alsup	Jefferson
Ash	Jones of Atascosa
Bergman	Jones of Falls
Bourne	Jones of Shelby
Bradbury	Jones of Wise
Bradford	Keefe
Broadfoot	King
Broyles	Knetsch
Burton	Lange
Butler of Brazos	Lanning
Butler of Karnes	Latham
Cagle	Leath
Caldwell	Lemens
Calvert	Leonard
Canon	Lotief
Collins	Lucas
Colquitt	Luker
Cooper	Mauritz
Cowley	McCalla
Craddock	McConnell
Crossley	McFarland
Daniel	McKinney
Davis	Moffett
Davison	Moore
of Eastland	Morris
Davison of Fisher	Morrison
Dickison	Morse
Dunagan	Nicholson
Dunlap of Hays	Olsen
Duvall	Palmer
Dwyer	Patterson
England	Payne
Fain	Petsch
Farmer	Pope
Fisher	Quinn
Ford	Reader
Fox	Reed of Bowie
Frazer	Reed of Dallas
Fuchs	Riddle
Gibson	Roach of Hunt
Glass	Roane
Good	Roark
Graves	Roberts
Gray	Rogers
Greathouse	Russell
Hankamer	Rutta
Hanna	Scarborough
Hardin	Settle
Harper	Sessions
Harris of Archer	Shofner
Harris of Dallas	Smith
Hartzog	Stanfield
Head	Steward
Hill	Stinson
Hodges	Stovall
Hofheinz	Tennyson
Holland	Thornton
Hoskins	Tillery
Howard	Venable
Huddleston	Waggoner
Hunt	Walker
Hunter	Wells
Hyder	Westfall
James	Wood of Harrison

Wood of Montague	Young
Worley	Youngblood

Absent

Atchison	Herzik
Celaya	Newton
Colson	Roach of Angelina
Dunlap of Kleberg	

Absent-Excused

Jackson	Padgett
Lindsey	Spears
McKee	Tarwater

HOUSE NOTIFIED

A committee from the Senate appeared at the Bar of the House and, being duly announced, stated that the Senate is now organized and ready for the transaction of business

MESSAGE FROM THE SENATE

Austin, Texas, September 28, 1936.

Hon. Coke Stevenson, Speaker of the House of Representatives.

Sir: I am directed by the Senate to inform the House that the Senate has adopted,

H. C. R. No. 1, Inviting Governor James V. Allred to address a joint session of the House and Senate Monday at 2:30 p. m., September 28.

Respectfully,

BOB BARKER,
Secretary of the Senate.

CONCERNING DELIVERY OF
MAIL FOR HOUSE
MEMBERS

Mr. Bradbury offered the following resolution:

Whereas, The post office that has heretofore served the House of Representatives has been moved to the East end of the Capitol and private boxes for Members are no longer available; and

Whereas, Under the present set-up members will be forced to get their mail general delivery, which will result in much confusion and inconvenience; and

Whereas, The State owns the boxes that the Members of the House have heretofore used; therefore, be it

Resolved, That the Sergeant-at-Arms of the House be instructed, and he is hereby instructed, to remove the boxes to a place more convenient to the Members of the House, and that the Speaker be authorized to

employ a mail clerk to assort and take care of the mail.

The resolution was read second time, and was adopted.

ADDRESS BY GOVERNOR JAMES V. ALLRED

(IN JOINT SESSION)

In accordance with the provisions of House Concurrent Resolution No. 1, Providing for a joint session of the House and Senate for the purpose of hearing an address by Governor James V. Allred, the Hon. Senators appeared at the Bar of the House and, being duly admitted, were escorted to seats.

Lieutenant-Governor Walter F. Woodul occupied a seat on the Speaker's stand.

Governor James V. Allred and party, escorted by Senators Collie, Hill, Regan, Nelson, and Cotton, committee on the part of the Senate, and Messrs. McKinney, Ford, Morse, Walker, Calvert, and Leonard, committee on the part of the House, were announced at the Bar of the House and, being duly admitted, occupied seats on the Speaker's stand.

Speaker Stevenson called the House to order and stated that the two Houses were in joint session for the purpose of hearing an address by Governor James V. Allred.

Lieutenant-Governor Walter F. Woodul called the Senate to order.

Speaker Stevenson presented Governor James V. Allred, who addressed the joint session as follows:

To the Members of the Forty-fourth Legislature:

The proclamation assembling this Legislature into extraordinary session for a third time sets out the following purposes:

1. To provide further necessary revenue for old age assistance to persons entitled to same under the provisions of said House Bill No. 26 as passed by the Second Called Session of the Forty-fourth Legislature.

2. To consider and act on such other subjects of public importance as I may,

from time to time during the session, submit by message.

PART ONE

House Bill 26, Acts, Forty-fourth Legislature, Second Called Session, commonly known as the Old Age Assistance Law, was passed by majority vote of the Legislature in November, 1935. It became effective February 14, 1936, at which time the Old Age Assistance Commission, created by the law, officially organized and entered upon its duties. Thereafter, more than 200,000 applications (out of an estimated 300,000 citizens over the age of 65) were filed for old age assistance.

At this time, according to the Executive Director of the Old Age Assistance Commission, 80,718 applications have been approved, 12,339 applications have been denied, and 111,598 applications are still pending. The Commission estimates that ultimately a total of 147,676 aged citizens will probably qualify for assistance under the present law even though no new applications are received.

A detailed report as made to me by Hon. Orville S. Carpenter, Executive Director of the Old Age Assistance Commission, has been mimeographed and placed at the disposal of each member of this Legislature. I suggest that it be printed in the Journals of each House.

According to this report the average grant per person in Texas is \$16.00 per month. This, together with the cost of administration, will require an annual pension bill in Texas of approximately thirty million dollars.

The only funds as yet allocated to the payment of old age assistance is that received from liquor licenses and taxes. Of course, under the Constitution, 1/4th of the amount collected was allocated to the available school fund. Thereafter, 15%, or a total of \$430,383.00 was set aside, as provided by House Bill 26, for the permanent old age pension fund.

The Executive Director reports the following amounts received after such deductions:

Received from liquor licenses and taxes.....	\$2,871,907.00
Received from the Federal Government.....	2,088,450.00
Depository interest	794.00
TOTAL	\$4,530,768.00

He makes the following deductions:

Old age assistance paid to August 31, 1936.....	\$2,033,233.00
Administrative—Comptroller and Treasurer.....	30,000.00
Expenses this Commission—Furniture, Fix- tures, Equipment	31,582.00
Expenses this Commission—General.....	517,772.00
TOTAL	\$2,612,587.00
Balance, August 31, 1936.....	\$1,918,181.00

September payments for old age assistance amounted to a total of \$1,326,294.00, leaving a present balance of \$591,887.00, which includes the permanent old age pension fund of \$430,383.00.

Your particular attention is directed to the figures and estimates of the Executive Director on page 8 of his report. You will note that these estimates include amounts of money for "retroactive" grants due to the fact that the old age assistance law provides that when a grant is made upon an application filed prior to July 1, 1936, the applicant should be entitled to back payments from July 1st. The Executive Director estimates that a minimum of \$4,277,745.00 state money will be necessary if we are to carry out the provisions of the present law to January 1, 1937.

These figures are astounding! Indeed, investigations made by the Commission, and I am sure your own experience with our aged citizens, reveal the most challenging needs any Texas Legislature has ever faced. The need for funds to meet these obligations far exceeds estimates heretofore made of what would be required under the present law.

You will recall that during the Second Called Session of the Legislature in 1935, the State Auditor estimated a maximum of sixty thousand people (out of the 300,000 citizens over 65 in Texas) would probably qualify under the state old age assistance law. This was based upon the not too revealing experience of other states which had old age assistance laws; and upon advice from the Federal Social Security Board. Texas' experience in administering the present law has already clearly demonstrated that ours is the most liberal law in the Union; and that a far greater number of people out of each one thousand inhabitants are qualifying and will continue to qualify than in any other state. This

is due to the several differences between the Texas law and the laws of other states, pointed out in the Executive Director's report.

In addition to this, the present acute condition of the old age assistance fund is due to the fact that the taxes and licenses imposed under the state liquor law have failed to yield the amount estimated and hoped for by its proponents. This is particularly true since September 1, 1936, the date for renewal of permits.

I am sure every member of this Legislature realizes we are here to face the facts. Those facts are:

First: We are confronted with an absolute emergency need to meet demands for continued payment of old age assistance warrants beginning November 1st; and to finance the program until additional taxes levied by this Legislature can be collected.

This will have to be done promptly so that the Board can certify to the Federal Government that Texas has money in the treasury to meet its one-half of the total monthly payments beginning November 1st.

Second: We should permanently finance the old age assistance program.

In order to meet the emergency, I recommend the following:

A

The \$430,383.00 now set aside in the permanent old age assistance fund, out of the 15% of the total collected, should be transferred to the available old age assistance fund. You will recall that this 15% allocation was made in House Bill 26, passed before the liquor regulation law. Thereafter, the liquor bill allocated all funds collected thereunder, exclusive of the one-fourth going to the available school fund under the Constitution, to the old age assistance fund without specifying that 15% of same should go to the permanent old age assistance fund. It is quite possible that the present

law could be construed so as to place this \$430,383.00 in the available pension fund, but the Commission feels, of course, that it should be done with clear legislative authority. In addition, I am advised by the Attorney General that there is a serious question as to whether the Legislature could set up such a special fund under the Constitution. It seems to me in view of the urgent necessities with which the State is confronted, the best interests of the people would be served by transferring this sum of money to the available fund.

B

The general fund still operates under a tremendous deficit. The old age assistance fund is confronted with a similar deficit, and we cannot afford to issue so-called "hot checks" to our needy old people, since such warrants would have to be discounted; and it is the duty of the State to see that they are paid in cash.

I recommend the transfer of three million dollars from the cash surplus of the highway fund to the available old age assistance fund.

This Legislature last year appropriated three million dollars out of the general fund for the Texas Centennial; and that Centennial, more than any other factor, has contributed to the cash balance which the highway fund now enjoys. I am advised by the Comptroller that at the close of the fiscal year, there was a net increase in gasoline tax collections over the preceding twelve months of \$4,040,234.00. In my judgment, it is no more than fair that the highway fund, greatly increased by added Centennial attractions, should now in turn contribute to the urgent need of the aged citizens of our State.

This Legislature, or any future Legislature, may well provide for a return of the highway funds so used when the old age assistance program has been adequately and permanently financed.

This recommendation I make as a matter of emergency and not as a matter of permanent policy. Under normal circumstances, I am opposed to the diversion of highway revenues for other purposes, but in the face of the crisis which now exists in old age assistance, I am firmly convinced that the general welfare, and particularly that of our aged citizens during the coming winter months, is of greater importance to the State than any highway

program which might necessitate the immediate expenditure of the funds before they could be replenished.

We now approach the second problem, that of financing by taxation payment of old age assistance to all persons entitled to same under the provisions of existing law. Again, we must face the facts. The people voted the old age assistance amendment. The Legislature passed the present law under direct mandate of the people. Each candidate for the governorship and practically every candidate for the Legislature publicly pledged himself in the recent primaries to a program of adequately financing this old age assistance.

The only way to do it is by taxation, the most painful subject with which governments have dealt from their beginning. We cannot escape the fact, however, that it is our solemn duty. We may differ as to the means of raising revenue; but all of us must concede that together we face this necessary task.

In adequately financing the permanent old age assistance program in Texas, industry, public utilities, natural resource producers and individuals must all be ready to pay their proportionate share of a substantial increase in tax levies necessitated by these unusually heavy demands. It is not my prerogative as Governor of this State to determine which group shall assume the tax burden necessitated by old age assistance, or in what proportion. It is my obligation, however, as Chief Executive to make suggestions to the Legislature for their consideration. These I make in an effort to be helpful.

The platform of the Democratic Party adopted at the recent State Convention at Fort Worth pledges us to certain specific taxation policies. Some of them are of such nature as to require a complete overhauling of the tax structure, possibly constitutional amendments, which cannot be attempted at a special session. I shall not, therefore, refer to them in this message, but do direct your attention to the following specific planks in the Democratic platform:

1. A substantial increase in the tax on natural resources, including oil, gas and sulphur.
2. Increased franchise taxes on oil and gas pipe line companies.
3. Luxury taxes.

4. Substantial increase in inheritance tax.

5. General increase in franchise tax laws.

6. Revision of tax laws to prevent evasion.

7. Stricter provisions for collection of delinquent taxes.

8. Restoring the tax imposed on breweries and beer dealers to the amount imposed by law prior to the amendment adopted by the Legislature at its last session.

I commend the foregoing tax recommendations of the Democratic Party for your careful consideration.

Of course, the imposition of new taxes of any kind will be unpopular. As yet, I have not heard a single tax suggested to which there was not an immediate objection made by the class or industry affected. Most of them are able to make convincing arguments against new or additional taxes. All of them suggest the burden be placed somewhere else; and our experience tells us that such arguments usually leave us where we started; that is, we know the job has to be done, the money has to be raised, and the only way to raise it is by taxation.

The party platform commits us to a substantial increase in the tax on all natural resources including particularly oil, gas and sulphur. Already a great deal has been said in the press as to whether such tax should be "reasonable" or "substantial". I think it should be both!

With particular reference to oil, in my message to the regular session of this Legislature in February, 1935, I suggested that any increase in the tax on oil should be reasonable so as not to place our Texas oil or petroleum products in unfair competition with other states or countries. That recommendation still stands; but at the same time I respectfully remind you that we are faced with a crisis, the like of which the State has never known before; an obligation voted by the people, the payment of which was pledged by practically every candidate for public office; and the vast majority of us favored substantial, yet reasonable, increases on all natural resources.

I am reliably informed that our sister states of Louisiana and Oklahoma will in all probability have to increase their tax on oil in order to meet their own pressing security problems. Both

states have entered upon social security programs coordinated with the National Government just as we have. The fact remains that some state must take the lead; and so long as we allow one state to be maneuvered against the other, just that long will we be confronted with this problem which must be solved.

My views as to a substantial increase in the tax on sulphur are well known to this Legislature. They are a matter of public record. Again, I recommend a substantial increase in this tax.

Heretofore when efforts have been made to increase the tax on sulphur, we have been met with the threat, express or implied, that the sulphur companies would move to Louisiana where the tax was 60c per ton. Now Louisiana has taken the lead and increased her tax to two dollars per ton. Ours is 75c. Press accounts recently carried the statement that sulphur interests were threatening Louisiana with a move to Texas on account of our tax being less. Of course, we want to secure all industries possible in Texas, but there is no occasion for either Texas or Louisiana to be "jockeyed" in such fashion.

Claim has been made that the two dollar tax in Louisiana is the only tax paid by the sulphur companies. I have investigated this, however; and find that in Louisiana, as in Texas, the sulphur companies pay state and local ad valorem taxes as well as a franchise tax of two dollars per one thousand on capital employed in that state.

It is perhaps a matter of opinion, but, in my judgment, the records before this and previous Legislatures clearly disclose that the sulphur interests, which supply most of the world market demands from Texas, have too long escaped adequate taxation both at the hands of the State and in some of the counties where their properties are located.

I further recommend to you that all other natural resources, including natural gas, should be called upon to pay their share of the tax burden.

My views as to a general sales tax are well known to this Legislature and to the general public. The platform of the Democratic Party has again definitely committed us against such tax.

I recommend a tax on luxuries. This tax, however, should be levied only upon those articles which fall strictly in the class of luxuries and are

not classed as necessities constituting a normal part of the average family budget.

For instance: we have no state tax upon amusements in general. Particularly I call attention to the well known fact that there is no state tax whatever upon moving picture shows, theatres, athletic contests and similar forms of amusement. There is a Federal tax upon admissions above 50c. In order to meet the pressing needs of our aged citizens, in order to meet this problem of the State, I think it only fair that we should levy a tax equivalent to one cent upon each 10c, or portion thereof, of the admission price on these amusements.

True, they will be called "nuisance" taxes; but all taxes are "nuisances" to those who have to pay them! We are confronted with conditions, not theories; with a problem, not a desire; with a duty, not an option. In my judgment, the average patron of these amusements will not begrudge his small contribution to our aged needy citizens. Those of us who can afford amusements can well afford this limited contribution to those who are struggling to live.

Other luxuries should be similarly treated.

I recommend an increase in the general level of industrial and utility taxes.

In addition to these specific recommendations, there is a great field for corrective tax legislation that would facilitate and increase tax collections from existing laws. The State Tax Commissioner and other state officials charged with the responsibility of administering and collecting taxes, stand ready and willing to helpfully assist the Legislature, whether in committee or individually, in effectuating your program.

These recommendations are not meant to be exclusive, but I trust they may be helpful in pointing out some among the many tax considerations which must necessarily receive your attention.

In submitting the matter of "financing old age assistance," I expressly limited the call in my proclamation, and in this message, to the matter of providing "further necessary revenue for old age assistance to persons entitled to same under the provisions of said House Bill 26, as passed by the Second Called Session of the Forty-fourth Legislature."

PART TWO

As a second subject for consideration and action by this Legislature, I submit the matter of providing a system of state unemployment compensation in connection with Titles 3 and 9 of the National Social Security Act passed by the Seventy-fourth Congress.

Anticipating the necessity for such action, in August of this year I appointed a committee with Hon. R. B. Anderson, State Tax Commissioner, as active chairman, and composed of representatives of the Attorney General, State Auditor, the Banking Commissioner, the Secretary of State, the Commissioner of Labor, one member of the House and one member of the Senate. This committee was requested to make a careful study of every phase of unemployment compensation as it applies to Texas under the provisions of Titles 3 and 9 of the National Social Security Act. They have held hearings and made an exhaustive and intelligible report to me. Copies of this report have been prepared and placed upon the desk of each member of the Legislature.

The committee recommended earnest and serious consideration at this called session of the matter of unemployment compensation. Since under the National Social Security law, the Federal Government has already levied a tax upon Texas employers which will be collected if the National law is upheld, and in view of the fact that employers are entitled to a credit upon their Federal tax of 90% of any tax they may pay under a state system, it behooves us, in my opinion, to set up such state system.

The subject is therefore submitted to you.

CONCLUSION

My friends, great men of Texas have been measured by their character and sincerity of purpose, their devotional service to a republic and to a state; but they have been immortalized, not by the constancy of their affections, but by rare opportunities to perform a public service so great and so outstanding as to overshadow the normal efforts of ordinary man. This Centennial year of 1936 is one of those rare moments in the cycles of history which will mark us as either big or little men in public office. We are here to write our records as men, as

Texans and as patriots—not as politicians.

No Legislature and no Governor has ever faced a greater task. No Legislature and no Governor has ever had a more golden opportunity to render patriotic service. The demand for Texas patriots is fully as meaningful and momentous as it was a hundred years ago. I believe that deep in our hearts each one of us is prayerfully consecrated to the welfare of six million people. The fires of patriotism may grow dim, but they never die in Texas hearts. In the hope that I might arouse this smouldering flame, I have sought inspiration from the past. I have reviewed the utterances of former governors. I have been stirred by the challenging eloquence of former Governor Pat M. Neff in his second inaugural address. In appealing to you and to the best that is in me, I feel that I can do no better than to quote and paraphrase the words of my distinguished predecessor:

"About us, and looking down upon us from these legislative walls, are the portraits hung in sacred memory of our revered immortals: Stephen F. Austin, who carved from the wilderness the Texas Empire and gave it to civilization; Sam Houston, who rode like a god of war across the field of San Jacinto and with his martial hand flung into the blue sky above him the glittering star of the Texas Republic; Edward Burleson, whose illustrious record has enriched the annals of Texas history; Frank Lubbock, whose sword was ever unsheathed in humanity's name; A. W. Terrell, who, conceived more constructive legislation than any other citizen of his day; and amidst these inspiring portraits hangs the colossal likeness of that sleepless watchman on the walls who never forgot the cause of his people, James S. Hogg. With these faces, hallowed by a heroic and honored past, looking down upon us, we cannot be untrue to lofty ideals of patriotic and unselfish service.

"... You are the distinguished representatives of the State. Your presence here as law makers signifies the presence of all the people of Texas. Deposited in your hands is the collective power of the State. The six million people of this splendid commonwealth can only be heard and can only be represented by the voice and by the vote of our legislative servants

who gather here in their name. To be the representatives of a State like Texas and the spokesman for a people like ours is an opportunity that comes to but few in this world. Whether these opportunities for honor to you and to me shall ripen into real renown, or shrivel into lasting reproach, depends upon whether we shall comprehend the duties that are always the correlative of opportunity, and shall undertake to perform them with courage, charity, and humility, obliterating personal interests and rising to the heights of patriotic effort in behalf of a great commonwealth.

"... Politics is a broad field for noble endeavor. In it are won or lost at last those worthwhile things which not only affect the conduct of the living, but also help shape the destiny of generations yet to be. Therefore, my friends and co-workers, with mutual confidence, with enlarged vision, with quickened zeal, and with high ideals, let us keep step with the onward march of progress.

"... We are the trusted servants of the people. We should not forget them. We should have no ambition not in keeping with the growth and glory of the State. Nothing short of wholehearted allegiance on our part to the people of Texas will suffice. Many grave and serious problems confront us... The eyes of Texas are upon us as we legislate for six million people. Let us not place over against the interests of Texas, selfish consideration, personal animosities, or immaterial issues. Let us forget discords and differences and begin our work with the one thought of serving faithfully and efficiently the best interests of Texas. For this noble purpose I pledge to you my best efforts. I earnestly solicit your cordial cooperation. You and I together have a big, constructive legislative program... As we work together may charity characterize our thoughts, may tolerance temper our tongues, may moderation mark our conduct, may intelligence inspire our councils, and may justice jealously guide every legislative act. All for Texas and Texas for all should be the consuming thought and the constant slogan both of you and of me as we think and work together in an effort to make this commonwealth the best place in all the world in which to live..."

Members of the Forty-fourth Legislature,

"We have set our faces eastward
Toward the rising of the sun
That shall light a greater Texas
And there's big work to be done!"

Respectfully submitted,
JAMES V. ALLRED,
Governor of Texas

Austin, Texas
September 21, 1936

Honorable James V. Allred
Governor of Texas
Austin, Texas

Dear Sir:

There is transmitted herewith the first report of the Texas Old Age Assistance Commission covering the operations of the Commission from the date of its inception, February 14, 1936, to August 31, 1936. Contained therein is an estimate of the probable cost of old age assistance, and an estimate of the amount of money that will be required to adequately support the program in addition to that already being produced from liquor licenses and taxes.

These estimates are based upon the results developed to date under the present law, and are based upon the assumption that the qualifying conditions of eligibility will be no more liberal than those found in the present law.

Respectfully submitted,
ORVILLE S. CARPENTER
Executive Director

PROBABLE COST

The total annual cost for old age assistance and cost of administration, under the present law, is estimated to be approximately \$30,000,000. It is estimated that a total of 147,676 persons will be able to qualify for old age assistance under this law and that the average grant per person will be \$16 per month. Five per cent of this amount has been added for administrative expense.

ADDITIONAL FUNDS NECESSARY

Liquor licenses and taxes accruing to the Old Age Assistance Fund at the present rates have averaged \$3,000,000 per year. This leaves a balance of \$27,000,000 annually to be provided from other sources. Assuming that the Federal Government will pay one-half of the total cost, then the additional financing required for the State's part is \$12,000,000 annually.

ELIGIBILITY FACTORS

Any estimate of probable cost must be based upon certain definite known or assumed factors. The total cost of the program is determined by the number of people who are able to qualify for assistance multiplied by the average payment per person.

The number of people who are able to qualify depends upon the liberality of the law respecting those people who may be eligible. Estimates have been heretofore made of the number of people who might be able to qualify for old age assistance in Texas but these estimates were based upon the assumption that the restrictive features of the Texas Law would very largely conform to those features in the laws of other states where similar plans have been in operation for some time. It is well known that the Texas Law is more liberal in this respect than the laws of most of the other states but there has not been available, up to this time, any accurate data from which there could be determined the effect of these liberal features upon the total number who would be able to qualify for assistance. Therefore, such estimates as have heretofore been made have failed to include a large number of applicants who are eligible for assistance under the Texas Law and who would not be eligible for assistance in other states.

We refer particularly to the fact that the Texas law permits an applicant to qualify for old age assistance and own equity in real estate not to exceed \$5000, if single, and \$7500, if married; to qualify for old age assistance and have \$500 in cash, if single, and \$1000, if married; to qualify and have an annual income of \$360, if single, and \$720, if married. We refer further to the fact that under this law an applicant may own property not exceeding the above limits and receive assistance from the State of Texas without any provision whatever being made for reimbursement to the State out of such property for amounts paid to him, or for the creation of any lien in favor of the State against such property.

In other states such as California an applicant may not receive assistance if he owns property which has a gross value of more than \$3000. Nevada, Wisconsin, Minnesota, New Jersey and Oregon likewise have a \$3000 property limitation. Kentucky has a \$2,500

property limitation, New Hampshire a \$2,000 property limitation, Indiana a \$1,000 property limitation, and Michigan a \$3500 property limitation.

In the states of Montana, Nevada, Wisconsin, Colorado, California, Wyoming, Idaho, New Hampshire, New Jersey, Indiana, Ohio, Michigan, North Dakota, Oregon, Nebraska, and Iowa, a provision is made whereby the state may secure reimbursement from the estate of the recipient for all assistance paid. This is done either by the applicant deeding such property to the State or creating a lien against it in favor of the State. Experience has shown that this provision of the law acts as a strong deterrent against such applicants attempting to receive assistance when it is probably not needed.

The laws of many other states contain a provision against the granting of assistance to any applicant having relatives financially able to support him. The Texas law contains no such provision, except that an applicant having a spouse able to support him may not receive assistance, with the result that thousands of applicants who have been adequately supported in the past by one or more relatives are now eligible for assistance.

The second determining factor in the estimate of probable cost is the average amount paid per person per month. The present law provides that the amount of old age assistance that may be paid to any applicant "shall not exceed \$30 per month and shall be granted in such amounts as will provide a reasonable subsistence in keeping with the accustomed standard of living of the applicant." The law also provides in Section 1 that assistance may be paid to aged individuals "if in need." Under the investigation procedure that is being followed by the Commission, the amount of assistance granted to any individual is the amount found to be necessary to supply his particular needs. The law assumes, and this procedure contemplates, that the amounts of the grants made shall vary according to the needs of the applicant. In other words, each applicant is not granted the same amount of money. The average grant per person per month is now approximately \$16 and it is estimated that an average grant per person per month of from \$16 to \$20 will adequately provide for the needs of eligible applicants. The figures may be compared

with the following average amounts that are being paid in other states:

Alabama	\$10.71
Arkansas	5.54
Connecticut	19.07
Indiana	8.00
Iowa	14.54
Maine	19.75
Maryland	12.75
Michigan	16.39
Minnesota	18.53
Nebraska	15.33
New Jersey	15.88
New Mexico	14.48
Ohio	15.10
Wisconsin	17.74

An average of \$16.02 per person was paid by thirty-four states reporting to the Social Security Board for the month of June, 1936.

NUMBER ELIGIBLES

As of September 1, 1936, a total of 204,655 applications for assistance have been filed. The number filed by months is as follows:

February 14 through March	136,844
April	27,836
May	17,971
June	10,415
July	6,532
August	5,057
Total	204,655

To date, 12,339 have been denied, 80,718 have been approved, and there are still 111,598 applications pending.

The high percentage of eligibility shown in the number of applications that have been acted upon up to this time is due to the fact that we have handled over 40,000 applications from people who were formerly on the relief rolls. These cases, together with other needy cases that have been specifically referred to us, have received first attention. Out of investigations being currently made, approximately sixty per cent of the applicants are eligible. It is therefore estimated that of the applications now pending sixty per cent, or 66,958, will be eligible for assistance. This makes a grand total of 147,676 people who will probably be eligible for assistance under this law out of the present number who have applied.

Estimates based on the population of Texas indicate that there are approximately 300,000 people in Texas aged sixty-five. This being true, there

are still approximately 96,000 persons 65 years old who have not filed applications. There is no way of determining how many of these people may, in the future, file applications and, if so, how many of such persons may be eligible. It may be assumed from the fact that they have not already made application that they either do not consider themselves eligible or do not care to ask for assistance. The estimates made herein do not take into consideration any of such persons who may later apply, nor do they reflect the natural increase in longevity of the total population, which is calculated to continue until 1960. In other words, the cost of any program dealing with the aged will tend to increase each year. Mortality statistics indicate that in Texas the number of people attaining the age of sixty-five each year exceeds, by approximately 10,000, the deaths in the same age bracket.

If 147,676 people are paid an average of \$16 per month per person, then the monthly cost of old age assistance will be \$2,362,816. Five per cent of this amount added for administrative expense gives a total cost per month of \$2,480,956, and an annual cost of \$29,771,472. If one-half of this amount is paid by the Federal Government the annual cost to the State of Texas will be approximately \$15,000,000.

PRESENT FINANCIAL STATUS

The following is a summary of the revenues available and the expenditures to August 31, 1936:

Amount received from liquor licenses and taxes	\$2,871,907	
Less:—15% to Permanent Old Age Pension Fund	430,383	
Net available from Liquor Revenues	2,441,524	
Amount received from Federal Government	2,088,450	
Depository Interest	794	
Total Funds Available	\$4,530,768	
Deduct:—		
Old Age Assistance paid to August 31	\$2,033,233	
Administrative expense—Comptroller and Treasurer	30,000	
Expenses this Commission—Furniture, Fixtures and Equipment	31,582	
Expenses this Commission—General	517,772	\$2,612,587
Balance August 31	\$1,918,181	
Deduct September payments for Old Age Assistance	1,326,294	
Present Balance	\$ 591,887	

Requirements to January 1, 1937

	Current Grants	Retroactive Grants	Total Amount
Requirements for 80,718 cases now on rolls—for months of October, November, December and January 1	\$5,165,952	\$ 368,000	\$5,533,952
New Cases			
6,958 cases to be approved in Sept.	111,328	333,984	445,312
20,000 cases to be approved in Oct.	320,000	1,280,000	1,600,000

20,000 cases to be approved in Nov.....	320,000	1,600,000	1,920,000
20,000 cases to be approved in Dec.....	320,000	1,920,000	2,240,000
Totals on New Cases.....	<u>\$1,071,328</u>	<u>\$5,133,984</u>	<u>\$6,205,312</u>
Grand Total Requirements to January 1, 1937.....	\$6,237,280	\$5,501,984	\$11,739,264
Less one-half to be paid by Federal Government	<u>3,118,640</u>	<u>2,750,992</u>	<u>5,869,632</u>
Balance—State's one-half	<u>\$3,118,640</u>	<u>\$2,750,992</u>	<u>\$5,869,632</u>
Deduct:—			
Present Funds Available—above.....		\$ 591,887	
Estimated Liquor Revenues to January 1.....		<u>1,000,000</u>	<u>1,591,887</u>
Balance—State Money Needed to January 1, 1937.....			<u><u>\$4,277,745</u></u>

RETROACTIVE PAYMENTS

Under Section 11 (b) of the Act, all assistance grants, regardless of when made, are payable for each month commencing July 1, 1936, in all cases where the application was filed prior to that date; if the application was filed after that date the grant is payable for each month subsequent to the filing date. Under the present law funds will therefore be required to make such payments to all of the 66,958 people who are estimated will become eligible. At the present rate of progress action will have been taken upon all of the pending applications by December 31 of this year. Therefore, fiscal plans for the remainder of the year 1936 must include the payment of not only such grants as shall be currently made, but also the payment of the amount of such grants dating from July 1, 1936.

It will be noted that the estimate of State funds needed to January 1, 1937 includes \$2,750,992 to be used for making retroactive payments.

CONCLUSION

In the work that has been done thus far the Commission has tried to lay the foundation for and establish a basis of a fair, sane and conservative program of Old Age Assistance within the limits of the law that is being administered. This law is quite workable, and the administrative problems presented have been dif-

ficult only because they were new and few guiding precedents existed, and because of the volume of detail occasioned by the fact that we have been dealing with thousands of people. The problem was pressing and required immediate action. The distress of thousands of people was acute. The Texas Relief Commission ceased relief payments in June and upwards of 40,000 aged people who had been on relief turned to us for assistance.

That the emergency was met is shown by the fact that checks were mailed on July 1st to 40,000 people; by August 1st, 20,000 more had been cared for; and at this time a total of 80,000 people have been assisted. That the results have been satisfactory is shown by the facts that the number of appeals filed is 538 and the per cent of requests for reconsideration is about 5% of the total number of cases acted upon. However, the needy aged people of this state can be adequately provided for at a cost much less than the estimate contained herein if the law is amended so as to restrict the eligibility requirements.

This can be done without placing any undue hardship upon those persons who are actually in need and without lowering the scale of payments now in effect. The fact that Texas will, under this law, pay a larger per cent of her aged people than any other state in the Union when there is no reason to believe that her people are in any greater distress than those of other states,

would seem to show conclusively that this is true. Therefore, the conclusion is inescapable that Texas has embarked upon a program of old age assistance that will very shortly reach proportions never before attained in this country. However commendable may be this concern of the State for its aged, it carries a resulting tax burden that may not be lightly considered. The ability of the State to care for these people is measured finally by the taxes that can be borne by its citizens.

If in these concluding remarks the writer has assumed advisory prerogatives, he has done so because he feels that the entire future of old age assistance should not be jeopardized by undertaking a program so broad and costly that it cannot be adequately and reasonably financed, and that if these benefits are to be permanently secured to the aged people of this State due consideration must be given not only to the persons to be benefitted but also to those who will pay the bill.

Respectfully,

ORVILLE S. CARPENTER,
Executive Director.

SENATE RETIRES

At the conclusion of the address, the Senate retired to its chamber.

TO PROVIDE FOR CERTAIN INVESTIGATING COMMITTEE

Mr. Petsch offered the following resolution:

Whereas, At the last Called Session of this Legislature an Act was passed regulating the manufacture, sale and transportation of alcoholic liquors, and such Act, since the 15th day of November, 1935, has been a law of the State of Texas; and

Whereas, Such Act defines an "Open Saloon" as a place where hard liquors are sold by the drink for beverage purposes, and makes such institution unlawful, and prescribes various punishments and procedures for the violations of such Act, in order to enable the law to be enforced; and

Whereas, Under the terms of said Act the Texas Liquor Control Board, consisting of three members, is made responsible for the enforcement of the law and the operation of the statute regulating the manufacture, transportation and sale of intoxicating liquors; and

Whereas, There are at this time, and have been for more than six months, operating throughout every large city and many of the smaller cities of Texas a great many places—some mere "holes in the wall," some "dives," others pretentious, exquisitely furnished and colorfully attractive establishments—dispensing hard liquor by the drink—in open view of the public and the officers of the law, and with the positive knowledge of the Liquor Board; and

Whereas, It is further the fundamental principle of the liquor law that the business of selling non-distilled liquor by the drink and distilled liquor in unbroken packages should not be permitted by the same party, but nevertheless, the Liquor Board has in a great many instances, with at least implied knowledge of the facts, issued both of such licenses to the same identical persons—all in direct violation of the statute; and

Whereas, It has been rumored extensively that a large number of liquor dealers have become greatly indebted to the State of Texas for their liquor taxes, and such dealers are nevertheless permitted to continue to operate the same as though their taxes had been paid; while on the other hand it has been frequently charged by persons in position to know that the various indebtednesses of liquor dealers to the State of Texas, in large amounts, have heretofore been frequently compromised and settled for small sums of money and without prejudice on the part of such defaulted liquor dealer to continue his operations as a licensed dealer—all constituting at least an implied violation of the statutes of this State; and

Whereas, It is reported that retailers in the cities of Galveston, Ft. Worth and San Antonio are being permitted to operate in violation of the law by virtue of the fact that such dealers are members of so-called "associations" collecting dues from their members in order to secure protection for them for violation of the law; and

Whereas, It is reported generally throughout the State of Texas that the only persons who are prosecuted are the poor and uninfluential, and that persons of influence and racketeers are permitted to go unmolested in the open violation of the law; and

Whereas, It has been reported that there exists at this time extensive business operations whereby, under permits issued by the State Liquor Control Board, liquor is being transported into prohibition states in violation of the laws and regulations of the United States government; and

Whereas, The Constitution of Texas expressly provides that "the open saloon shall be and the same is hereby prohibited"; and

Whereas, The hereinbefore described conditions constitute a disgraceful and lamentable situation, requiring immediate action on the part of the Legislature of Texas;

Therefore, Be It Resolved:

Section 1. That a committee of five (5) members of the Forty-fourth Legislature be appointed by the Speaker of the House of Representatives, one of whom shall be named chairman, and that said committee be instructed and charged with the duties (a) of making an investigation to determine the responsibility for the situation hereinbefore outlined, (b) recommending to this Legislature and the Forty-fifth Legislature such changes as should be made for the purpose of securing a liquor law more easily and more readily enforceable, (c) recommending to the Governor such action as in the judgment of the committee is found necessary and appropriate in relation to the personnel of the State Liquor Control Board and its employees, and (d) to investigate such other departments of the State government as may be connected with or responsible for the conditions set out in the beginning of this resolution and also to make to the Governor of Texas such recommendations as may by the committee be deemed pertinent in relation to the personnel of such other departments.

Sec. 2. Said committee shall have the power to formulate its own rules of procedure and evidence, and to provide for its own hours of meeting and adjournment; it shall hold its sessions in the Capitol of Texas and at such other places within the State as may in the opinion of the committee be found necessary and advisable; the sessions of the committee, when taking testimony, shall be open to the public and to the press and the Board, any member or any employee shall be entitled to be present and be represented by counsel; at all other times

the committee may, upon its own motion, hold executive sessions, open at all times to the members of the Legislature, the Governor and the Attorney General of Texas.

Sec. 3. The committee shall have the power to issue process for witnesses to any place within the State and to compel the attendance of such witnesses and the production of any records or books, deemed pertinent by the committee to this investigation; upon disobedience to any subpoena said committee shall have the power to issue attachments, which may be addressed and served either by the sergeant-at-arms appointed by the committee or by any sheriff or constable of the State of Texas; said committee shall further have the power to inspect any books, make copies of any books or records, examine and audit books of any person, firm or corporation engaged in the liquor business within this State; the committee shall also have the further power to administer oaths or affirmations, and fix bond of attached witnesses.

Sec. 4. Witnesses attending the sessions of said committee under process shall be allowed the same mileage and per diem as is allowed witnesses in the trial of criminal cases in the district court.

Sec. 5. The committee shall have the power and authority to employ and compensate all necessary stenographers, clerks and other necessary employees; it is expressly charged with the duty of keeping a stenographic record of all testimony and proceedings relating to the investigation and to have such records transcribed, and to file a copy thereof with the Governor of Texas, the Lieutenant Governor, the Secretary of State and the State Librarian.

Sec. 6. The committee is herewith authorized to call upon the Attorney General and the State Auditor for assistance and advice; and said officials are herewith requested to furnish the committee with such auditors and assistant attorneys general as the committee may require in connection with making the investigation authorized hereby.

Sec. 7. The committee shall begin its investigation at the earliest possible time and shall make its report to the present session of this Legislature; provided, however, that if the

work of the committee can not be completed, then and in such case the committee shall have the right to sit and continue its work after the adjournment of the present Legislature; the members of the committee shall receive no compensation for the services by them rendered, but they shall be paid actual traveling expenses and hotel bills incurred in the performance of their duties, only in the event of the meeting of the committee away from the City of Austin during the session of the Legislature, and also in the event of any committee sessions after the adjournment of the Legislature; such expenses of the members of said committee, witness fees, stenographic hire, and all other expenses incident to the investigation shall be paid out of the appropriation for mileage and per diem and contingent expenses made at this Third Called Session of the Forty-fourth Legislature; and the total expenses of the committee shall not exceed the sum of \$10,000.00, and such amount of money is herewith appropriated out of the Contingent Expense Fund of the House to meet the payments of the expenses of the investigation; the warrants to pay such expenses shall be signed by the Speaker of the House and its Chief Clerk.

Sec. 8. And the committee is herewith further empowered to do each and every act and thing reasonably necessary to enable the committee to carry out the purposes for which it was created even though such powers may not be specially provided for herein.

The resolution was read second time.

On motion of Mr. Morse, the resolution was referred to the Committee on Liquor Traffic.

ADJOURNMENT

On motion of Mr. Lotief, the House at 3:35 o'clock p. m., adjourned until 10 o'clock a. m., tomorrow.

APPENDIX

STANDING COMMITTEE REPORTS

The Committee on Appropriations filed a favorable report on House Bill No. 1.

REPORT OF THE COMMITTEE ON ENGROSSED BILLS

Committee Room,
Austin, Texas, September 28, 1936.
Hon. Coke Stevenson, Speaker of the House of Representatives.

Sir: Your Committee on Engrossed Bills to whom was referred

H. B. No. 1, A bill to be entitled "An Act making an appropriation of the sum of One Hundred Thousand (\$100,000) Dollars or so much thereof as may be necessary out of any funds in the State Treasury, not otherwise appropriated, to pay the contingent expenses, and to pay the mileage and per diem of members and the per diem of officers and employees of the Third Called Session of the Forty-fourth Legislature, also to cover unpaid expenses of the First and Second Called Sessions of the Forty-fourth Legislature, and declaring an emergency."

Has carefully compared same and finds it correctly engrossed.

HODGES, Chairman.

SECOND DAY

(Tuesday, September 29, 1936.)

The House met at 10:00 o'clock a. m., pursuant to adjournment, and was called to order by Speaker Stevenson.

The roll of the House was called, and the following Members were present:

Mr. Speaker	Colson
Adamson	Cooper
Adkins	Cowley
Aikin	Craddock
Alexander	Crossley
Alsup	Daniel
Ash	Davis
Bergman	Davisson
Bourne	of Eastland
Bradbury	Davison of Fisher
Bradford	Dickison
Bridgers	Dunagan
Broadfoot	Dunlap of Hays
Broyles	Dunlap of Kleberg
Burton	Duvall
Butler of Brazos	Dwyer
Butler of Karnes	England
Cagle	Fain
Caldwell	Farmer
Calvert	Fisher
Canon	Ford
Collins	Fox
Colquitt	Frazer